

National Economics Research Associates

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B160 fails to adequately account for supply and demand

B160 unnecessarily focuses on supply/demand equilibrium within hydrologic regions as its primary objective, failing to recognize the importance of market forces in achieving the most efficient allocation of water resources.

B160 fails to adequately account for the fact that different water-related projects have different objectives than primarily increasing supply or reducing demand. in its evaluation framework to recommend the most attractive water supply and management options.

B160 methodology fails to adequately account for the benefits and costs of the various options and fails to adequately account for potential transfers between regions

~~B160 does not account for interregional transfers and restricts out-of-state transfers~~

B160 limits trading between hydrologic planning regions to existing agreements and restricts out-of-state transfers to those already identified.

Potential

- B160 fails to include price forecasting. Additional recycling, efficiency improvements, and development of new technologies in response to higher water prices is not ~~not~~ addressed.
- B160 failed to ~~not~~ employ urban and agricultural water price elasticities in its demand forecasts. In integrating supply and demands
- B160 fails to incorporate the concept of allocation efficiency as where the marginal benefit of water supplied equals the marginal cost of supply.
- B160 option scoring method inadequately scores for the costs and benefits of the options considered.
- B160 fails to recognize that different users place different values on water, water quality, and water reliability.
- B160 used a simple and highly arbitrary ranking method to determine which supply and demand option to recommend in each hydrological region.

B160 options ranking should allow for rational comparison of options within regions or between regions

B160 options evaluation should value more flexible, short-term options for meeting demands against more capital intensive long-term options.

- B160 options evaluation should define how much benefit or value each option provides and to whom. ~~and size~~
- B160 ~~studies~~ options evaluation should use a benefit-cost approach to valuing a alternative. ~~where~~ option costs include capital and operating costs, ~~and~~ may incorporate the cost of uncertainty, ~~and~~ potential environmental damage

Blueprint for an environmentally friendly Texas 1/17/98

B160 dramatically overestimated current and projected demands for consumptive use and underestimated savings from current and projected water conservation strategies. ~~Projected urban demand was overstated by one million af because it~~

~~must integrate design~~

B160 ~~faded~~ should include demand responsiveness to price into the supply/demand assessment.

Urban Water Conservation should quantify conservation savings that exist above the level to be obtained by full implementation of the MOU regarding Urban Water Conservation.

NRDC

EDF

Save the Bay

The Bay Institute & San Francisco regarding water supply and required environmental protection and restoration.

1. Clear Baseline must be established using existing laws, regulations and project operations

Water required for full mitigation and water available for ecosystem restoration should be distinguished.

Environmental Water Use should go beyond ESA requirements and consider water required for ecosystem restoration goals

Analysis

Should include Beneficiary Pay Principle. If no interested party is willing to pay for potential tools, they should be eliminated from consideration.

Should include economic evaluation of water management alternatives

Should include discussion of water management alternatives compatibility with adaptive management principles.

Water management options

Should include analysis of such factors as benefit, local economic and community benefits and strengthening of local autonomy for paying beneficiaries.

NRDC

We should take great care in ~~not~~ developing a baseline water use that is well-supported.

Bulletin should incorporate basic economic principles. It should compare the costs of a full range of alternative water management strategies. It should show how new facilities would be financed and marginal economic benefit new facilities would generate. The Bulletin should

The Bulletin should consider

~~Before proposing~~ any surface storage facility ~~to~~ the likely impacts ~~to~~ ~~on~~ and the environmental requirements that would be likely to govern the daily operations of any SSF.

~~at~~ The Bill should include a full evaluation of water management strategies alternative to surface storage facilities.